

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Consolidated Financial Statements and
Supplementary Information
February 29, 2012
(With Independent Auditors' Report Thereon)

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Delaware Opportunities, Inc.
and Affiliate:

We have audited the accompanying consolidated statement of financial position of Delaware Opportunities, Inc. and Affiliate (collectively, the Organization) as of February 29, 2012, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2011 consolidated financial statements and, in our report dated November 10, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delaware Opportunities, Inc. and Affiliate as of February 29, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2012 on our consideration of Delaware Opportunities, Inc. and Affiliate's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of Federal awards in Schedule 4 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Toski & Co., CPAs, P.C.

Williamsville, New York
November 15, 2012

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Consolidated Statement of Financial Position
February 29, 2012
with comparative totals for 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ 2,150,276	1,810,872
Receivables	1,760,385	1,596,791
Prepaid expenses	139,592	184,603
Inventories, at cost	<u>54,042</u>	<u>52,085</u>
Total current assets	<u>4,104,295</u>	<u>3,644,351</u>
Property and equipment, at cost	5,017,675	5,157,463
Less accumulated depreciation	<u>(2,706,237)</u>	<u>(2,807,192)</u>
Net property and equipment	<u>2,311,438</u>	<u>2,350,271</u>
Total assets	<u>\$ 6,415,733</u>	<u>5,994,622</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	251,855	264,676
Accrued payroll and payroll taxes	597,466	461,599
Accrued expenses	463,864	350,020
Deferred revenue	<u>91,696</u>	<u>223,226</u>
Total current liabilities	<u>1,404,881</u>	<u>1,299,521</u>
Net assets:		
Unrestricted:		
Available for operations	2,217,520	1,974,790
Investment in property	<u>2,311,438</u>	<u>2,350,271</u>
Total unrestricted	4,528,958	4,325,061
Temporarily restricted	<u>481,894</u>	<u>370,040</u>
Total net assets	<u>5,010,852</u>	<u>4,695,101</u>
Contingency (note 8)		
Total liabilities and net assets	<u>\$ 6,415,733</u>	<u>5,994,622</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Consolidated Statement of Activities
Year ended February 29, 2012
with comparative totals for 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Support and revenue:				
Fees and grants from governmental agencies	\$ 13,247,724	256,607	13,504,331	13,145,221
WIC food instruments and commodities	767,180	-	767,180	785,696
In-kind support	597,978	-	597,978	650,474
Program revenue	298,688	-	298,688	197,270
Contributions	-	98,955	98,955	74,249
Interest	5,710	404	6,114	5,808
Miscellaneous	68,123	84,089	152,212	133,019
Net assets released from restrictions through satisfaction of program restrictions	<u>328,201</u>	<u>(328,201)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>15,313,604</u>	<u>111,854</u>	<u>15,425,458</u>	<u>14,991,737</u>
Expenses:				
Program services	14,457,139	-	14,457,139	14,151,752
Management and general	<u>652,568</u>	<u>-</u>	<u>652,568</u>	<u>600,087</u>
Total expenses	<u>15,109,707</u>	<u>-</u>	<u>15,109,707</u>	<u>14,751,839</u>
Increase in net assets	203,897	111,854	315,751	239,898
Net assets at beginning of year	<u>4,325,061</u>	<u>370,040</u>	<u>4,695,101</u>	<u>4,455,203</u>
Net assets at end of year	<u>\$ 4,528,958</u>	<u>481,894</u>	<u>5,010,852</u>	<u>4,695,101</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Consolidated Statement of Functional Expenses
Year ended February 29, 2012
with comparative totals for 2011

	Program services									Supporting services	Total	
	Early childhood and family development	Crime victims and prevention	Education	Community	Housing	Economic self-sufficiency	Health and nutrition	Other	Total	Management and general	2012	2011
Labor and benefits:												
Personnel	\$ 1,290,402	216,513	1,126,586	822,930	1,202,094	318,794	1,119,010	-	6,096,329	409,548	6,505,877	6,477,286
Employee benefits and taxes	455,315	75,253	405,625	311,528	502,003	112,749	387,413	-	2,249,886	137,813	2,387,699	2,140,709
Total labor and benefits	<u>1,745,717</u>	<u>291,766</u>	<u>1,532,211</u>	<u>1,134,458</u>	<u>1,704,097</u>	<u>431,543</u>	<u>1,506,423</u>	<u>-</u>	<u>8,346,215</u>	<u>547,361</u>	<u>8,893,576</u>	<u>8,617,995</u>
Expenses:												
Payments for benefits of individuals	62,378	29	7,750	35,772	1,747,128	71,694	930,308	-	2,855,059	-	2,855,059	2,944,933
Other direct expenses	19,298	1,803	27,478	5,804	32,205	3,527	17,672	19,434	127,221	-	127,221	121,737
Travel	188,598	2,335	75,108	223,998	56,806	49,101	80,215	62,340	738,501	-	738,501	640,449
Supplies	29,136	6,083	43,268	44,689	546,605	61,873	350,246	-	1,081,900	7,390	1,089,290	863,619
Contractual and consultants	6,883	10,758	13,098	27,297	22,060	10,087	18,350	-	108,533	35,104	143,637	155,552
Insurance	18,869	2,713	28,319	20,576	26,361	10,174	23,873	-	130,885	8,514	139,399	146,363
Occupancy	13,724	7,997	110,831	9,890	26,456	5,422	46,382	-	220,702	40,851	261,553	360,759
Donated items, services and facilities	-	27,643	507,201	63,134	-	-	-	-	597,978	-	597,978	650,474
Other	-	-	-	-	-	-	-	-	-	2,096	2,096	5,523
Total expenses	<u>338,886</u>	<u>59,361</u>	<u>813,053</u>	<u>431,160</u>	<u>2,457,621</u>	<u>211,878</u>	<u>1,467,046</u>	<u>81,774</u>	<u>5,860,779</u>	<u>93,955</u>	<u>5,954,734</u>	<u>5,889,409</u>
Depreciation	-	-	-	-	-	-	198,578	51,567	250,145	11,252	261,397	244,435
Total functional expenses	<u>\$ 2,084,603</u>	<u>351,127</u>	<u>2,345,264</u>	<u>1,565,618</u>	<u>4,161,718</u>	<u>643,421</u>	<u>3,172,047</u>	<u>133,341</u>	<u>14,457,139</u>	<u>652,568</u>	<u>15,109,707</u>	<u>14,751,839</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Consolidated Statement of Cash Flows
Year ended February 29, 2012
with comparative totals for 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase in net assets	\$ 315,751	239,898
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	261,397	244,435
Loss on disposal of property and equipment	-	3,454
Changes in:		
Receivables	(163,594)	(451,855)
Prepaid expenses	45,011	(139,955)
Inventories	(1,957)	471
Accounts payable	(12,821)	(195,629)
Accrued payroll and payroll taxes	135,867	263,501
Accrued expenses	113,844	(239,445)
Deferred revenue	<u>(131,530)</u>	<u>223,226</u>
Net cash provided by (used in) operating activities	561,968	(51,899)
Cash flows from investing activities - additions to property and equipment	<u>(222,564)</u>	<u>(232,597)</u>
Net increase (decrease) in cash	339,404	(284,496)
Cash at beginning of year	<u>1,810,872</u>	<u>2,095,368</u>
Cash at end of year	<u>\$ 2,150,276</u>	<u>1,810,872</u>
Supplemental schedule of cash flow information:		
In-kind revenue	<u>\$ 597,978</u>	<u>650,474</u>
In-kind expense	<u>\$ 597,978</u>	<u>650,474</u>

See accompanying notes to consolidated financial statements.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Notes to Consolidated Financial Statements
February 29, 2012

(1) Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

(a) Nature of Activities

Delaware Opportunities, Inc.

Delaware Opportunities, Inc. (Delaware) is a nonprofit organization incorporated under the laws of the State of New York in January, 1966. The Organization provides comprehensive services to people in need in Delaware County, New York (the County). As a community action agency, it administers programs designed to help people become self sufficient and/or obtain a better quality of life. Services are directed to the entire needy population. These services include advocacy to assure that needy persons receive services they require, program development to assure that services are available, public information to assure that the public is aware of ways in which their needs can be met, coordination and collaboration with other service providers to assure that service delivery is maximized and made as efficient as possible, and the operation of programs which meet the daily needs of the citizenry.

Advance Delaware Opportunities Objectives, Inc.

Advance Delaware Opportunities Objectives, Inc. (ADOO or the Affiliate) is a nonprofit corporation that was formed for the purpose of managing and maintaining equipment for the benefit of Delaware.

Delaware and the Affiliate are collectively referred to as the Organization.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Delaware and the Affiliate. All significant intercompany accounts and transactions have been eliminated.

(c) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization did not have any permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions and/or the passage of time.

(e) Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Cash

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less, including overnight repurchase agreements, to be cash equivalents.

(g) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the consolidated financial statements.

(h) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Capitalization and Depreciation, Continued

Donations of property are reflected in the accompanying statements at their estimated fair market value at the date of receipt. The Organization's policy is to imply a time restriction on donated property. Donated property is recorded as temporarily restricted support and the restriction expires over the useful life of property. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(i) Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Organization compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At February 29, 2012, no impairment in value has been recognized.

(j) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the consolidated statement of financial position as deferred revenue.

(k) Donated Materials, Food, Supplies and Personal Services

The Organization receives unrestricted donations from outside parties. The donations include, but are not limited to, equipment, clothing, services, and food. All donations are unrestricted and are used to support and further the Organization's objectives. The donations are reflected in the accompanying statements at their estimated fair market value at the date of receipt. In addition, many skilled and unskilled individuals have contributed significant amounts of time to the activities of the Organization without compensation. Contributed services are recognized as in-kind revenue and expense by the Organization when certain provisions are met. In-kind contributions of \$597,978 for the year ended February 29, 2012 has been recognized as in-kind revenue and expense by the Organization.

(l) Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(n) Subsequent Events

The Organization has evaluated events after February 29, 2012, and through November 15, 2012, which is the date the consolidated financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these consolidated financial statements.

(o) Income Taxes

Delaware and the Affiliate are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the consolidated financial statements. Delaware and the Affiliate have been classified as publicly supported organizations that are not private foundations under Section 509(a) of the Code. The Organization discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in the consolidated financial statements. U.S. Forms 990 filed by Delaware and the Affiliate are subject to examination by taxing authorities. Delaware is no longer subject to tax examination for the year ended February 29, 2008, and prior. The Affiliate is no longer subject to tax examination for the years ended September 30, 2008, and prior.

(p) Reclassifications

Reclassifications have been made to certain 2011 balances in order to conform them to the 2012 presentation.

(2) Concentrations of Credit Risk

(a) Cash

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(b) Revenue and Receivables

The Organization provides social services throughout the County. A substantial portion of the Organization's receivables are due from Federal and New York State governmental agencies.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(3) Property and Equipment

Property and equipment at February 29, 2012 and February 28, 2012 are summarized as follows:

	2012		
	Delaware Opportunities, Inc.	ADOO	Total
Land	\$ 124,589	-	124,589
Building and improvements	2,610,600	-	2,610,600
Equipment	636,412	97,849	734,261
Vehicles	<u>1,211,007</u>	<u>337,218</u>	<u>1,548,225</u>
	4,582,608	435,067	5,017,675
Less accumulated depreciation	<u>(2,353,374)</u>	<u>(352,863)</u>	<u>(2,706,237)</u>
	<u>\$ 2,229,234</u>	<u>82,204</u>	<u>2,311,438</u>
	2011		
	Delaware Opportunities, Inc.	ADOO	Total
Land	\$ 124,589	-	124,589
Building and improvements	2,611,614	-	2,611,614
Equipment	583,782	97,849	681,631
Vehicles	<u>1,293,615</u>	<u>446,014</u>	<u>1,739,629</u>
	4,613,600	543,863	5,157,463
Less accumulated depreciation	<u>(2,397,100)</u>	<u>(410,092)</u>	<u>(2,807,192)</u>
	<u>\$ 2,216,500</u>	<u>133,771</u>	<u>2,350,271</u>

(4) Compensated Absences

Included in accrued expenses is the Organization's liability for future payments of accrued vested vacation wages which amounted to \$334,879 at February 29, 2012 and \$332,114 at February 28, 2011. Under the terms of the existing personnel manual, the Organization's employees receive annual vacation leave. The number of days allowed is dependent upon the employees' years of service. Vacation leave represents the only leave paid to employees upon termination.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

(5) Deferred Revenue

Deferred revenue amounted to \$91,696 at February 29, 2012 and \$223,226 at February 28, 2011. This amount represents cash provided to the Organization in advance of the period to be benefited in order to provide working capital for the operation of various programs.

(6) Pension Plan

The Organization maintains a qualified contributory defined contribution retirement plan established under Section 403(b) of the Code for all employees meeting minimum age and length of service requirements. The Organization is not obligated to match the eligible participants' contribution to the plan. The Organization recorded expense relating to the plan amounting to \$407,609 for the year ended February 29, 2012 and \$397,373 for the year ended February 28, 2011.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets amounting to \$481,894 at February 29, 2012 and \$370,040 at February 28, 2011 are restricted for use in various programs as specified by the respective donors. Net assets of \$328,201 and \$61,910 were released from donor restrictions during the years ended February 29, 2012 and February 28, 2011, respectively, through the satisfaction of donor stipulations.

(8) Contingency

Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Consolidating Statement of Financial Position
February 29, 2012

<u>Assets</u>	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash	\$ 1,338,372	811,904	-	2,150,276
Receivables	1,760,385	46,175	(46,175)	1,760,385
Current portion of loans receivable	-	62,722	(62,722)	-
Prepaid expenses	139,592	-	-	139,592
Inventories, at cost	54,042	-	-	54,042
Total current assets	<u>3,292,391</u>	<u>920,801</u>	<u>(108,897)</u>	<u>4,104,295</u>
Loans receivable, net of current portion	-	483,025	(483,025)	-
Property and equipment, at cost	4,582,608	435,067	-	5,017,675
Less accumulated depreciation	<u>(2,353,374)</u>	<u>(352,863)</u>	<u>-</u>	<u>(2,706,237)</u>
Net property and equipment	<u>2,229,234</u>	<u>82,204</u>	<u>-</u>	<u>2,311,438</u>
Total assets	<u>\$ 5,521,625</u>	<u>1,486,030</u>	<u>(591,922)</u>	<u>6,415,733</u>
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable	298,030	-	(46,175)	251,855
Accrued payroll and payroll taxes	597,466	-	-	597,466
Accrued expenses	463,864	-	-	463,864
Deferred revenue	91,696	-	-	91,696
Current portion of long-term debt	62,722	-	(62,722)	-
Total current liabilities	<u>1,513,778</u>	<u>-</u>	<u>(108,897)</u>	<u>1,404,881</u>
Long-term debt, net of current portion	483,025	-	(483,025)	-
Total liabilities	<u>1,996,803</u>	<u>-</u>	<u>(591,922)</u>	<u>1,404,881</u>
Net assets:				
Unrestricted:				
Available for operations	813,694	1,403,826	-	2,217,520
Investment in property	<u>2,229,234</u>	<u>82,204</u>	<u>-</u>	<u>2,311,438</u>
Total unrestricted	<u>3,042,928</u>	<u>1,486,030</u>	<u>-</u>	<u>4,528,958</u>
Temporarily restricted	<u>481,894</u>	<u>-</u>	<u>-</u>	<u>481,894</u>
Total net assets	<u>3,524,822</u>	<u>1,486,030</u>	<u>-</u>	<u>5,010,852</u>
Total liabilities and net assets	<u>\$ 5,521,625</u>	<u>1,486,030</u>	<u>(591,922)</u>	<u>6,415,733</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Consolidating Statement of Activities
Year ended February 29, 2012

	Delaware Opportunities, <u>Inc.</u>	<u>ADOO</u>	<u>Eliminations</u>	<u>Total</u>
Support and revenue:				
Fees and grants from governmental agencies	\$ 13,504,331	-	-	13,504,331
WIC food instruments and commodities	767,180	-	-	767,180
In-kind support	597,978	-	-	597,978
Program revenue	298,688	-	-	298,688
Lease income	-	28,836	(28,836)	-
Equipment rentals	-	171,519	(171,519)	-
Contributions	98,955	-	-	98,955
Interest	1,995	4,119	-	6,114
Miscellaneous	152,212	-	-	152,212
	<u>15,421,339</u>	<u>204,474</u>	<u>(200,355)</u>	<u>15,425,458</u>
Expenses:				
Personnel	6,505,877	-	-	6,505,877
Employee benefits and taxes	2,387,699	-	-	2,387,699
Payments for benefits of individuals	2,855,059	-	-	2,855,059
Other direct expenses	142,987	19,434	(35,200)	127,221
Travel	841,316	62,340	(165,155)	738,501
Supplies	1,089,290	-	-	1,089,290
Contractual and consultants	143,637	-	-	143,637
Insurance	139,399	-	-	139,399
Occupancy	261,553	-	-	261,553
Donated items, services and facilities	597,978	-	-	597,978
Other	2,096	-	-	2,096
Depreciation	209,830	51,567	-	261,397
	<u>15,176,721</u>	<u>133,341</u>	<u>(200,355)</u>	<u>15,109,707</u>
Increase in net assets	244,618	71,133	-	315,751
Net assets at beginning of year	<u>3,280,204</u>	<u>1,414,897</u>	<u>-</u>	<u>4,695,101</u>
Net assets at end of year	<u>\$ 3,524,822</u>	<u>1,486,030</u>	<u>-</u>	<u>5,010,852</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
New York State Division of Housing and Community Renewal -
Rural Preservation Program
Schedule of Expenses

For the year ended June 30, 2011 and the eight months ended February 29, 2012

	<u>July 1, 2010 - February 28, 2011</u>	<u>March 1, 2011 - June 30, 2011</u>	<u>Total</u>	<u>July 1, 2011 - February 29, 2012</u>
Revenue	\$ 51,115	5,651	56,766	24,513
Expenses:				
Salaries	34,820	2,625	37,445	13,119
Fringe benefits	11,078	387	11,465	5,347
Insurance/bonding	25	330	355	(50)
Professional services	-	171	171	-
Rent/mortgage/utilities	619	290	909	450
Telephone	166	105	271	156
Office supplies	305	326	631	569
Printing/postage	2,686	586	3,272	1,124
Travel	231	524	755	1,497
Staff development/training	133	-	133	245
Service agreements and maintenance	723	263	986	505
Other	329	44	373	1,551
Total expenses	<u>\$ 51,115</u>	<u>5,651</u>	<u>56,766</u>	<u>24,513</u>

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Schedule of Expenditures of Federal Awards
Year ended February 29, 2012

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>
U.S. Department of Agriculture:			
Pass-through New York State Department of Health:			
Special Supplemental Nutrition Program:			
Women, Infants and Children	10.557	Food instruments	\$ 716,945
Women, Infants and Children	10.557	C-025742-10	188,537
Women, Infants and Children	10.557	C-025742-11	101,579
Child and Adult Care Food Program - Head Start	10.558	2053	101,820
Child and Adult Care Food Program - Family Day Care	10.558	2070	225,566
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Recovery Act Funded	10.561		<u>60,789</u>
Total U.S. Department of Agriculture			<u>1,395,236</u>
U.S. Department of Housing and Urban Development:			
Pass-through Village of Walton - Community Development Block Grants/States Program	14.228		39,091
Pass-through Village of Sidney - Community Development Block Grants/States Program	14.228		2,444
Pass-through Town of Andes - Community Development Block Grants/States Program	14.228		23,257
Pass-through Town of Delhi - Community Development Block Grants/States Program	14.228		32,034
Pass-through Town of Harpersfield - Community Development Block Grants/States Program	14.228		55,184
Pass-through Town of Colchester - Community Development Block Grants/States Program	14.228		1,020
Pass-through New York State Housing Trust Fund Corp.:			
Home Investment Partnerships Program (IV)	14.239	20083084	94,156
Home Investment Partnerships Program (V)	14.239	20093173	180,065
Pass-through New York State Office of Temporary and Disability Assistance - Homeless Prevention and Rapid Rehousing - Recovery Act Funded	14.257	C020889	134,567
Pass-through Town of Walton - Section 8 Housing Choice Vouchers	14.871		<u>1,456,275</u>
Total U.S. Department of Housing and Urban Development			<u>2,018,093</u>

(Continued)

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Schedule of Expenditures of Federal Awards, Continued

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>
U.S. Department of Justice - Crime Victim Assistance	16.575	C-501046	\$ 106,094
U.S. Department of Energy - pass-through New York State Department of Housing and Community Renewal:			
Weatherization Assistance for Low-Income Individuals	81.042	C091025-10	6,466
Weatherization Assistance for Low-Income Individuals	81.042	C091025-11	137,929
ARRA - Weatherization Assistance for Low-Income Individuals	81.042	C092225-09	<u>1,571,057</u>
Total U.S. Department of Energy			<u>1,715,452</u>
U.S. Department of Health and Human Services:			
Pass-through Delaware County Office of the Aging:			
Special Programs for the Aging Title III Part C			
Nutrition Services	93.045		83,694
Nutrition Services Incentive Program	93.053		50,235
Pass-through New York State Department of Health - Injury Prevention and Control Research and State and Community Based Programs	93.136	C026611	8,369
Pass-through New York State Office of Temporary and Disability Services:			
Temporary Assistance to Needy Families - Wheels to Work	93.558	C-020513	33,028
Temporary Assistance to Needy Families - Homeless Intervention	93.558	C-020558	11,108
Pass-through New York State Office Child and Family Services:			
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C-025103-11	111,593
Temporary Assistance to Needy Families - Healthy Families of New York	93.558	C-025103-12	109,135
Pass-through New York State Department of Housing and Community Renewal:			
Low Income Home Energy Assistance	93.568	C091025-10	54,281
Low Income Home Energy Assistance	93.568	C091025-11	146,147
Pass-through Delaware County Department of Social Services:			
Low Income Home Energy Assistance	93.568		162,759
Low Income Home Energy Assistance - WRAP	93.568		23,479

(Continued)

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE
Schedule of Expenditures of Federal Awards, Continued

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Agency or pass-through grantor's number</u>	<u>Federal expenditures</u>
U.S. Department of Health and Human Services, Continued:			
Pass-through Delaware County Office of the Aging - Low Income Home Energy Assistance	93.568		\$ 18,246
Pass-through New York State Department of State:			
Community Services Block Grant	93.569	C005511-10	27,368
Community Services Block Grant	93.569	C001317-11	135,510
Community Services Block Grant	93.569	C001317-12	77,093
Community Services Block Grant	93.569	T-001367-11	30,000
Head Start	93.600	02CH1150/45	2,024,660
Pass-through New York State Child and Family Services - Family Violence Prevention and Services/Grants for Battered Women's Shelters Grants to States			
	93.671	C025293	<u>41,420</u>
Total U.S. Department of Health and Human Services			<u>3,148,125</u>
U.S. Department of Homeland Security - Emergency Food and Shelter National Board Program			
	97.024		<u>4,504</u>
Total Federal expenditures			<u>\$ 8,387,504</u>

Basis of Presentation

The schedule of expenditures of Federal awards includes the Federal grant activity of Delaware Opportunities, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Delaware Opportunities, Inc.:

We have audited the consolidated financial statements of Delaware Opportunities, Inc. and Affiliate (collectively, the Organization), as of and for the year ended February 29, 2012, and have issued our report thereon dated November 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Delaware Opportunities, Inc. and Affiliate in a separate letter dated November 15, 2012.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York
November 15, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
Delaware Opportunities, Inc.:

Compliance

We have audited Delaware Opportunities, Inc. and Affiliate's (the Organization) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended February 29, 2012. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 29, 2012.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York
November 15, 2012

DELAWARE OPPORTUNITIES, INC.
AND AFFILIATE

Status of Prior Audit Findings

February 29, 2012

(2011-01) Accuracy of Accounting Records

Condition - As part of our audit of the consolidated financial statements of the Organization and Affiliate, we recorded 27 adjusting journal entries amounting to \$10,198,079. Significant adjustments were made to the following accounts: net assets, accounts receivable, accrued expenses, property and equipment, accumulated depreciation and various revenue and expense accounts.

Current Status - This finding has been cleared at February 29, 2012.